



INDEPENDENT AUDITORS' REPORT

To the Chair & Members of the County Board
Lake County
Waukegan, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lake County, Illinois, as of and for the year ended November 30, 2008, which collectively comprise the county's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Lake County Forest Preserve District (blended component unit), which represents 40.56 percent, 35.48 percent and 15.68 percent, respectively, of the assets, net assets and revenues of the governmental activities; 17.68 percent, 21.10 percent, and 10.84 percent, respectively, of the assets, net assets and revenues of the business-type activities; 100 percent, 100 percent, and 100 percent, respectively, of the assets, fund balances, and revenues of the forest preserve – land acquisition governmental fund; 31.18 percent, 33.52 percent, and 28.92 percent, respectively, of the assets, fund balances and revenues of the other governmental funds; and 100 percent, 100 percent, and 100 percent, respectively, of the assets, net assets, and revenues of the other enterprise funds. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Lake County Forest Preserve District, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions. The financial statements of the Lake County Forest Preserve District and the Lake County Emergency Telephone System Board were not audited in accordance with *Government Auditing Standards*.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lake County, Illinois, as of November 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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As described in Note I.B., Lake County has adopted the provisions of GASB Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, as of December 1, 2007.

As described in Note I.B., the Lake County Forest Preserve District, a blended component unit of Lake County, has adopted the provisions of GASB Statement No. 50 – *Pension Disclosures – an Amendment of GASB Statements No. 25 and No. 27*, as of July 1, 2007.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2009 on our consideration of Lake County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and other required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lake County's basic financial statements. The combining and individual fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 2008 combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of the other auditors, are fairly stated in all material respects in relation to the basic financial statements for the year ended November 30, 2008 taken as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, Lake County's basic financial statements for the year ended November 30, 2007, which are not presented with the accompanying financial statements. In our report dated May 23, 2008, we expressed an unqualified opinion on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. In our opinion, the 2007 individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements for the year ended November 30, 2007, taken as a whole.

Other auditors also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Lake County Forest Preserve District for the year ended June 30, 2007. In their report, dated December 20, 2007, they expressed an unqualified opinion on the basic financial statements. In their opinion, the 2007 individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2007, taken as a whole.

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The "Introductory Section" and "Statistical Section" listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Lake County, Illinois. The information has not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements, and, accordingly, we express no opinion on such information.

Virchow, Krause & Company, LLP

Madison, Wisconsin
April 30, 2009